

PROJECT OVERSIGHT REPORT

Merchandising Business System (MBS)
Washington State Liquor Control Board (WSLCB)

Report as of Date:
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Executive Sponsor: Pat Kohler

Description: The 2001 Legislature authorized the Washington State Liquor Control Board (WSLCB) to replace their Point of Sale (POS) software with a commercially available product capable of managing and supporting the agency's retail business. These business activities include procurement (timely sales and marketing data), distribution (electronic tracking of shipping and handling), wholesale and special orders, and POS in the 157 state liquor stores. The agent stores are not included in the scope of this project. The project also includes implementation of data mart software to access Merchandising Business System (MBS) information. The project has two primary phases, "Requirements Definition Study" and "Solution Implementation".

The WSLCB issued a Request for Proposal (RFP) and selected GERS Retail Systems as the vendor. GERS is a leading supplier of merchandising, point-of-sale, and e-business solutions for retailers. They have installed more than 400 systems for customers in the United States, Canada, and Japan, and cover markets such as general merchandise, specialty soft lines and hard lines, telco, consumer electronics, and home furnishings. GERS will provide project management support for the project. The WSLCB staff will work closely with the vendor to ensure knowledge transfer occurs during the project.

Technology: GERS has proposed an AIX/Oracle platform. The project will include replacement of the POS equipment in the state operated liquor stores with industry standard cash registers and related equipment.

Life Cycle Stage: The project is in the "Solutions Implementation" phase. WSLCB signed a \$4 million contract with GERS to implement the MBS functionality by June 30, 2003 at the host and in one state operated liquor store.

Budget: The budget for this project is \$4,802,720. The GERS contract is for \$4 million. To date, the WSLCB has other expenses totaling \$520,000 to assist the WSLCB with requirements, vendor and product selection, and for the quality assurance services contract with Sterling Associates. A detailed expenditure plan for the remainder of the project is in development.

Schedule: Contract negotiations began in late June and the contract was signed in mid-August, which was six weeks later than anticipated. The first deliverable under the GERS contract is a detailed project plan based on information from GERS and MBS project. This detailed plan will be completed by the end of September. This plan will be a fundamental project management tool to measure the project progress and will be a detailed plan for the project to follow. The new schedule will have one store implemented by 6/30/2003. All 157 state stores will be converted by 9/15/2003.

The new contract has deliverables and acceptance criteria for each project milestone. The contract identifies ten key milestones for the project:

- Develop and finalize the Implementation, Project Management, and Resources Plans
- Acquire and install host equipment and application software

- Configure and test GERS base package according to business requirements without modifications
- Configure and test host software according to business requirements including modifications and new interfaces
- Acquire POS equipment
- Successfully complete MBS system pilot
- Train staff
- Configure, stage, and certify remaining POS terminals
- Complete documentation
- Successful completion of the MBS Store 1 system implementation.

Status: A \$4 million contract with GERS was signed August 15, 2002 for an off-the-shelf system. The project funding is appropriated through the end of June 2003. Although contract negotiations proceeded smoothly, they took longer than expected. Tasks that take more time than planned create pressure against the June 30 deadline and increases project risk. The project commitment for June 30, 2003 is to have all functionality implemented in one store. POS equipment will be fully configured, tested, certified, and received by June 30, 2003. The remaining state stores will be converted by September 15, 2003.

WSLCB selected Sterling Associates to provide QA services. The project is moving forward on the tasks to accomplish the early milestones listed above with particular emphasis on the Implementation Plan, Project Management, and Resources plans. Teams from GERS and the various divisions of the WSLCB are holding planning meetings to work out the detail project tasks and resources to complete those tasks. The meetings provide the foundation for defining the new system business rules, interfaces, and changes in procedures to reflect best practices. These plans are scheduled to be completed by the end of September 2002.

In the last report DIS recommended that the WSLCB project management take steps to insure appropriate resources are available and committed to the project. The WSLCB is taking steps to assign additional staff to the project and to insure that staff meet their commitments to the project even though they have responsibilities in their regular jobs. DIS also recommended that the WSLCB seek special legal assistance for IT contract negotiations. By working with the Attorney General's Office (AGO) the WSLCB was able to receive the services of the Department of Information Services Assistant Attorney General for contract negotiations. A project communication plan is being implemented to keep interested parties, including political stakeholders informed of significant project events.

In the past the WSLCB has been able to customize their systems to their organization. The WSLCB is purchasing and implementing a system that is an existing system that was not built to their custom specifications. This requires the WSLCB to change some of their business practices to adapt to the new system. This can require changes in finance, procurement, distribution center, retail stores, and information systems, i.e. throughout the agency.

Recommendation: DIS recommends continuing the current course of developing the Implementation Plan and Project Management and Resources plans:

- project plan and schedule to determine the resources necessary to complete the project,
- budget and spending plan for the project.

A project risk assessment should be conducted. This will identify project risks and mitigation strategies and allow the assignment of responsibility for appropriate follow-through. The WSLCB has committed to completing this by November 1, 2002.